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C O N F I D E N T I A L SECTION 01 OF 03 SUVA 000433

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TAGS: PREL PGOV MARR PHUM FJ

SUBJECT: FIJI: QARASE RETURNS; BAINIMARAMA SHUNS HIM,  
CLARIFIES ELECTION STANCE: NO SDL

REF: A. SUVA 425

1B. 06 SUVA 519

Classified By: Amb. Dinger. Sec. 1.4 (B,D).

Summary

11. (C) Deposed Prime Minister Qarase returned to Suva last Saturday. He announced willingness to assist the interim government (IG) to bring Fiji back to democracy rapidly. Interim PM Bainimarama dismissed the thought that Qarase and his SDL Ministers could play any role, now or after a future election. (We comment that the military statements add fuel to skepticism about the IG's "in principle" acceptance of free and fair elections by March 2009.) In other news, it appears IG lawyers are adjusting their defense for the coup: from "doctrine of necessity" to reliance on President Iloilo's purported "reserve powers." An IG counter-suit against Qarase raises again a military allegation from last November that the UK, Australia, and U.S. COMs urged a mutiny. The six remaining expat Court of Appeal judges have resigned, complaining about Acting Chief Justice Gates. The Fiji economy remains depressed, despite suggestions by Finance Minister Chaudhry that the rebound is beginning. Chaudhry claims Merrill Lynch (Asia Pacific) is prepared to float "bilateral loan financing" of up to US\$500 million to the IG. End summary.

Qarase in Suva, offers to help IG with elections

12. (U) Laisenia Qarase flew back to Suva on Saturday, Sept. 1, after 9-months of exile on his remote home island. In the end, he arrived via an Air Fiji charter. The Fiji military (RFMF) let the flight happen. Front-page photos showed friends and family welcoming Qarase at the airport, and more supporters greeted him at church and at the family home during the weekend. Media highlighted the reunion of Qarase with his grandchildren for Fiji's Fathers Day, Sept. 2. The SDL party held a welcome-back ceremony for Qarase on Sept. 4. An SDL spokesman reported a threatening call from the military beforehand. The military denied it ordered such a call.

13. (U) Qarase told reporters he hopes to enter into dialogue with Bainimarama to find ways to help Fiji recover from its current economic and political woes, in particular to move rapidly to new elections. Qarase said he would be prepared to run in such elections, if his SDL party wishes. Qarase dismissed the military's claim that a "clean up of corruption" justified last December's coup. Qarase noted every country faces corruption challenges, and he alleged the interim government (IG) has corruption problems of its own.

Bainimarama says Qarase not part of Fiji's future

14. (U) Bainimarama and RFMF spokesman LtCol Tikoitoga both made clear on Sept. 2 that the "military council" remains adamant the Qarase crowd must never return to power. The military aim for Fiji is "a united country, free of divisive policies." Bainimarama said that "for Fiji to move forward and stop the coup culture, people like Qarase and his Ministers should not be part of a democratically elected government." Bainimarama said "racist policies" of the Qarase Government increased after the 2006 election and provoked the coup. "We are fighting against everything he stands for." Bainimarama said Qarase should stop calling for an early election which "would not happen until the military's plans for taking Fiji forward are completed." As for dialogue, Bainimarama said Qarase didn't want dialogue with the military during six years as PM, so "Qarase has nothing to offer the interim regime."

Qarase's driver detained

15. (U) According to media reports, the military took Qarase's long-time driver to the barracks for questioning on Monday, Sept. 3. Associates of Qarase reported the driver was beaten, but not so severely as to require medical care. Military spokesman Tikoitoga said the driver is an army reservist who still is employed by the PM's office. The spokesman said it is a security risk to have a Qarase loyalist working in the interim PM's office, so the driver has been asked to resign.

FHRC's Shameem offers another creative coup defense

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16. (C) Meanwhile, Fiji Human Rights Commission Director Shaista Shameem, who offered a poorly thought-out defense of the coup in a report prepared for the UN Human Rights Commission in late December, has prepared a follow-up analysis for the UNHRC that proposes the military's removal of Qarase was not a coup at all and did not violate the PM's human rights. The new document's version of events ignores the December history and seems counter to the Fiji Constitution in arguing that Bainimarama was justifiably acting on behalf of President Iloilo. We understand several Fiji lawyers are preparing a rebuttal that FHRC Commissioner Shamima Ali will provide the UNHRC.

Hong Kong legal advice: a new presidential spin?

17. (C) On the weekend, we spoke with one of the IG's attorneys, who referred several times to Hong Kong lawyers recruited by interim Attorney General Sayed-Khaiyum to build defenses against lawsuits by Qarase, suspended Chief Justice Fatiaki, and others. FHRC Director Shameem's new legal analysis -- away from invoking a "doctrine of necessity" and to a proposal that President Iloilo, under constitutional "reserved powers" could order Bainimarama to remove Qarase -- may reflect the Hong Kong advice. The same theme appears in a new IG counter-suit against Qarase alleging he failed to keep Iloilo "generally informed" of events as required under the Constitution.

A reference to Amb-RFMF discussions last November

18. (C) Interestingly, one allegation in the counter-suit relates to a meeting the UK, Australia, and U.S. COMs had with senior RFMF leaders Teleni and Driti last November (Ref B). After that meeting Driti claimed publicly that the envoys had urged a mutiny against Bainimarama, who was in New Zealand at the time. The envoys responded publicly that their instructions were to make clear how disastrous a coup would be for Fiji and particularly for the RFMF, and to spell out the kinds of sanctions that would be invoked. The counter-suit proposes Qarase failed to inform President

Iloilo that the envoys "encouraged" Teleni "to withdraw his support for Commodore Bainimarama as head of the RFMF and of their threat to withdraw financial aid to Fiji should there be any military intervention into the government." Comment: The envoys never encouraged Teleni to withdraw his support for Bainimarama, i.e., to mutiny. They also did not coordinate the RFMF meeting with Qarase or his office.

Expat Court of Appeal judges resign

¶9. (C) Constitutional cases remain slow-moving. Eventually, though, trial courts will make judgments and appeals will follow. The Fiji Court of Appeal suffered a blow last week when the six remaining expatriate judges resigned, citing a concern that acting Chief Justice Gates has taken administration of the Court of Appeal out of their hands. They said Gates did not consult them about a Court of Appeal sitting last week for which Gates assigned three Suva-based high-court judges, and Gates did not take up an offer by the senior Appeal judge to plan a sitting in November. Gates responded, "The Court of Appeal will continue as it always has, though individual judges may change." Comment: Rumors are floating that the IG's intention is to replace Australian and New Zealand Court of Appeal judges with newcomers from places like Hong Kong, Singapore, and India.

Economy still down; Chaudhry optimistic, sees US loan

¶10. (C) Interim Finance Minister Chaudhry suggested last week that Fiji's economy is starting to improve, though the GDP will contract by 3.1% this year. Chaudhry estimated inflation will drop from 7% to 4% later this year. He estimates growth of 1.9% for 2008, based largely on a recovery in the tourism sector. Most everyone else we talk to is much more pessimistic. Reserve Bank Governor Narube told us last weekend that economic signs are not good and he worries about political repercussions. The President of the Hotel Association estimates tourism revenues are down 40% for the first six months of 2007, contrary to Bureau of Statistics data that suggest no significant change from 2006.

The tourism sector does not sense a rebound as yet. The new owner of the Vatakuola gold mine saw re-opening halted last week when the Revenue and Customs Authority froze its bank account over former owners' back-taxes from 1988. Chaudhry

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reported on Sept. 4 that he has received an offer from Merrill Lynch (Asia Pacific) for "bilateral loan financing" of up to US\$500 million, with details being negotiated. Comment: One presumes, given the IG's financial situation, that loan terms would be costly.

Comment

¶11. (C) Qarase's return to Suva has ratcheted up political debate. Bainimarama's suggestion that the Qarase Government became more racist after the 2006 elections is odd. A number of Qarase policies before those elections appeared race-based. After the elections, it seemed Qarase turned a new leaf in setting up a multi-party cabinet. The next four months were as non-racist a period as Fiji has seen in recent years. The RFMF's reiterations that elections can't take place until Fiji's population is properly educated to be non-racist, etc., and that the military will not permit the return of Qarase and his Ministers to governance add to skepticism about the IG's "in principle" agreement to free and fair elections by no later than March 2009. The latest legal theory to defend the coup, as articulated in the IG's counter-suit against Qarase, would seem to require President Iloilo to testify in court about Qarase's briefings. That is difficult to envision. By several recent accounts, Iloilo is sinking more and more into senility. Even last December, he was not an independent actor.

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